

Message Text

PAGE 01 TOKYO 11021 260426Z

16

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 SSO-00 NSCE-00 INRE-00 AID-20

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

TRSE-00 OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01

NSC-07 SS-20 STR-08 CEA-02 L-03 EUR-25 DRC-01 /157 W

----- 055853

O 260345Z AUG 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 4134

INFO AMEMBASSY MANILA IMMEDIATE

C O N F I D E N T I A L TOKYO 11021

STATE PASS EXIM, TREASURY-BENNETT, COMMERCE-FOX
MANILA FOR CHAIRMAN CASEY

E.O. 11652: GDS

TAGS: EFIN, ETRD, JA, US

SUBJECT: EXIM CHAIRMAN CASEY'S MEETING WITH MITI OFFICIALS

1. DURING CONVERSATION AUGUST 24 IN TOKYO BETWEEN CHAIRMAN
CASEY AND MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OFFICIAL
(FUMITAKE KISHIDA, DIRECTOR GENERAL, INTERNATIONAL TRADE
ADMINISTRATION BUREAU), FOLLOWING POINTS WERE MADE:

2. RE GENTLEMAN'S AGREEMENT ON EXPORT CREDIT: IN
RESPONSE TO KISHIDA'S QUESTNECESSARY TO AGREE ON MINIMUM EXPORT CREDIT INTEREST RATES SO
THAT PARTICIPATING GOVERNMENTS COULD BE PROTECTED AGAINST COST
OF EXPORT CREDIT PROGRAMS. USG POSITION REMAINS AS STATED AT
LAST WASHINGTON MEETING.

3. CONCERNING MATURITIES, KISHIDA EXPLAINED THAT RE-
PAYMENT OF LOANS FOR NATURAL RESOURCES PROJECTS WILL BE
MADE FROM PROCEEDS OF RESOURCES, AND REPAYMENT THUS TAKES
LONGER. LARGE SCALE PROJECTS ALSO REQUIRE LONGER RE-
CONFIDENTIAL

PAGE 02 TOKYO 11021 260426Z

PAYMENT PERIODS, IN JAPANESE VIEW.

4. THERE SEEM TO BE DIFFERENT VIEWS ON INTEREST RATE
QUESTION AND JAPANESE AGREEMENT ON THIS POINT AT BRUSSELS
MAY BE DIFFICULT, SAID KISHIDA. CASEY EXPLAINED THAT USG

EXPERIENCE HAS BEEN THAT HIGHER INTEREST RATES HAVE NOT DETERRED BORROWERS. CASEY SAID HE DOUBTS WHETHER JAPAN'S INCREASING ITS INTEREST RATES WOULD VERY MUCH AFFECT JAPAN'S ABILITY TO SELL. KISHIDA RECALLED THERE HAD BEEN DISCUSSION OF SEVEN PERCENT MINIMUM RATE AT RECENT WASHINGTON MEETING. THIS COULD BE STARTING POINT FOR JAPAN. HOWEVER, A GREATER CHANGE WOULD PRESENT DIFFICULT PROBLEMS. MARKET INTEREST RATES ARE LOWER IN JAPAN THAN ELSEWHERE, KISHIDA SAID, SO GAP BETWEEN PRESENT OFFICIAL AND MARKET RATES IS ALSO SMALLER IN JAPAN THAN ELSEWHERE. FINALLY, HE SAID, AGREEMENT ON RATE HIGHER THAN SEVEN PERCENT WOULD LEAVE SUBSTANTIAL ROOM FOR COUNTRIES NOT PARTY TO AGREEMENT TO OFFER LOWER RATE. THIS WOULD NECESSITATE COUNTRIES PARTY TO AGREEMENT LOWERING THEIR RATE TO MATCH SUCH COMPETITION, AND CREATE PROBLEMS IN ADMINISTERING THE AGREEMENT. JAPAN HOPES FOR AN EARLY AGREEMENT, SAID KISHIDA, BUT ALSO HOPES USG UNDERSTANDS JAPANESE POSITION.

5. IN RESPONSE TO CASEY'S QUESTION, KISHIDA SAID JAPAN EXIM'S PRESENT RATES ARE IN 6 TO 7 PERCENT RANGE. MIXED RATE IS 7 PERCENT. CASEY NOTED THAT US EXIM IS NOW LOANING AT ABOUT 8 PERCENT. THUS, PROPOSED AGREEMENT AT 7 PERCENT WOULD NOT BE WORTH MUCH TO USG NOR AFFECT PRESENT JAPANESE PRACTICES VERY MUCH. KISHIDA SAID JAPAN WOULD BE IN DIFFICULT POSITION IF USG AND WESTERN EUROPEAN COUNTRIES PUSHED JAPAN TO AGREE TO 7.5 PERCENT OR SO. CASEY RESPONDED THAT HE FELT WESTERN EUROPEAN COUNTRIES WILL WANT USG TO ENTER AGREEMENT TO 8 PERCENT RATE WITH THEM WITH PROVISIO THAT IF PARTIES TO THAT AGREEMENT COMPETE WITH NON-PARTIES (INCLUDING JAPAN IF NOT PARTY) THEY MAY LOWER RATES TO SIX OR SIX AND ONE HALF PERCENT TO MEET COMPETITION. USG WOULD LIKE TO AVOID SUCH AN EVENTUALITY, AND HOPED JAPAN WOULD PARTICIPATE. OTHER COUNTRIES COULD BE BROUGHT IN LATER. KISHIDA SAID AGREEMENT TO EIGHT PERCENT WOULD BE VERY HARD FOR JAPANESE. JAPANESE MINISTERS CONCERNED WITH THIS PROBLEM WILL HAVE TO
CONFIDENTIAL

PAGE 03 TOKYO 11021 260426Z

STUDY QUESTION CLOSELY.

6. RE MATURITIES: CASEY SAID THERE COULD BE ANY OF THREE DIFFERENT APPROACHES OR COMBINATIONS THEREOF IF GENERAL AGREEMENT TO EIGHT AND ONE HALF AND TEN YEAR MATURITY WERE REACHED: (A) IF AMOUNT OF IMPORT OR BANK LOAN EXCEEDS SPECIFIED LEVEL, MATURITY COULD BE EXTENDED. (B) IF PARTY TO AGREEMENT FELT IT WAS NECESSARY TO OFFER A LONGER MATURITY FOR A PARTICULAR PROJECT, THAT PARTY COULD GIVE NOTIFICATION TO OTHER PARTIES, PRIOR TO OR WHEN OFFERING LOAN, THAT IT WAS PREPARED TO GRANT LONGER MATURITY. (C) IF MATURITY WERE TO EXCEED AGREED MAXIMUM, AN ADDITIONAL ONE PERCENT INTEREST RATE COULD BE CHARGED. CASEY ASKED WHICH OF THESE THREE POSSIBILITIES SEEMED

MOST ACCEPTABLE TO JAPANESE. KISHIDA REPLIED ORDER OF PREFERENCE WOULD BE (A), (B), (C). UNDER APPROACH (A) ABOVE IT WAS AGREED THAT IT WOULD BE NECESSARY TO DEFINE HOW TO MEASURE AMOUNT I.E. WHETHER BY TOTAL PROJECT SIZE, AMOUNT OF CREDIT, ETC. KISHIDA AGREED TO FURTHER STUDY ALTERNATIVES (A), (B) AND (C) AND MORE FULLY RESPOND IN BRUSSELS.

7. ON LOCAL COSTS, KISHIDA FELT THAT CONSIDERATION OF THIS SUBJECT IN GENTLEMAN'S AGREEMENT SHOULD AWAIT RESULTS OF EXPERTS MEETING AT OECD ON SEPT 5 AND 6. ON MIXED CREDITS, KISHIDA SAID THAT JAPAN DID NOT MAKE VERY MANY AND WOULD HAVE NO DIFFICULTY WITH NOTICE PROVISION WHICH WOULD RELIEVE OTHER PARTIES OF ANY RESTRICTION.

8. RE SIBERIAN DEVELOPMENT: IN RESPONSE TO KISHIDA'S QUESTION, CASEY REVIEWED PROSPECTS FOR EXIM LEGISLATION. FOLLOWING PASSAGE NECESSARY LEGISLATION, HE SAID, YAKUTSK PROJECT WOULD BE FIRST TO BE CONSIDERED, IT MIGHT BE POSSIBLE FOR EXIM TO REACH DECISION ON THIS PROJECT IN NOVEMBER. KISHIDA SAID JAPAN HOPES CONGRESS WILL PASS LEGISLATION SO THAT EXPLORATION CAN PROCEED AS SOON AS POSSIBLE. WILL CONGRESSIONAL PROCEDURES ALLOW ACTUAL EXPLORATION TO BEGIN IN NOVEMBER, KISHIDA ASKED? CASEY RESPONDED THAT HE DID NOT BELIEVE THIS WOULD BE POSSIBLE. HOWEVER, LOOKING AT MATTERS OPTIMISTICALLY, CONFIDENTIAL

PAGE 04 TOKYO 11021 260426Z

AN EXIM DECISION TO MAKE THE LOAN COULD BE MADE IN NOVEMBER 1974.
HODGSON

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, LAW, MEETINGS, GOVERNMENT MINISTRIES, EXPORT CREDIT GUARANTEES, INTEREST RATES, LOANS, YAKUTSK PROJECT
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO11021
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D740235-0047
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740889/abbrzalc.tel
Line Count: 145
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2002 by shawdg>; APPROVED <26 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIM CHAIRMAN CASEY'S MEETING WITH MITI OFFICIALS
TAGS: EFIN, ETRD, JA, US, XMB, (CASEY, WILLIAM J), (KISHIDA, FUMITAKE)
To: STATE INFO MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005